



Department of Communications, Energy and Natural Resources

Statement of Strategy 2008-2010

Comments of the Competition Authority

October 2007

S/07/005



The Competition Authority
An tÚdarás Iomáíochta



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Mr. Michael J. Purcell,
Strategic Change Unit,
Department of Communications, Energy and Natural Resources,
Leeson Lane,
Dublin 2.

8 October 2007

Re: Statement of Strategy 2008-2010

Dear Mr. Purcell,

The Authority welcomes the opportunity to comment on the Department's proposed Statement of Strategy, 2008-2010 and trusts that these comments will be of use. The Authority is available to meet with the Department to discuss these comments in greater detail, if required.

The Authority has, on numerous occasions in the recent past, stressed the need to introduce competition in the Irish electricity market, principally by horizontally and vertically separating the ESB. In the latter case, this involves full separation of transmission asset ownership. Consumer welfare is best ensured by vigorous competition on the market, whether in electricity or any other sector. In that context, the Authority welcomed the firm commitments made in the White Paper, *Delivering a Sustainable Energy Future for Ireland*, to enhance the competitiveness of energy supply. The White Paper listed six Strategic Goals under the Competitiveness heading:

- Delivering competition and consumer choice in the energy market
- Delivering the All-Island Energy Market Framework
- Ensuring that the regulatory framework meets the evolving energy policy challenges
- Ensuring a sustainable future for Semi-State Energy Enterprises
- Ensuring affordable energy for everyone
- Creating jobs, growth and innovation in the energy sector.

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Competitive outcomes in the best interests of consumers can best be achieved by delivering on the first three goals listed above. Under these three goals, the Department outlines a total of twenty-five actions which it will progress. While many of these actions have specific deadlines, some of the actions which can be expected to have a significant positive impact on the development of competition in the market are not time-bound and hence may be liable to slippage during the delivery phase. The Authority therefore urges the Department to ensure that, where timescales for delivery are provided, they are met; and where timescales are not specified, that they be indicated in the Statement of Strategy.

The Authority commends the work of the Department with respect to promoting competitive outcomes in the electricity market and strongly advocates that the 2008-2010 Statement of Strategy retain a clear focus on electricity and on delivering the actions laid out in the Government White Paper, particularly those involving structural reform. The twenty-five actions outlined provide a strong grounding for the development of effective competition by reducing the market power of ESB, safeguarding consumers, underpinning an all-island electricity market and reviewing the market regulatory framework.

The Authority has consistently advocated for reforms of this nature and, as such, recommends that the Department maintain continuity with the Core Policy Goal in its previous Statement of Strategy of "*the development of competitive, efficient and properly regulated energy markets*" by progressing the White Paper actions in accordance with a planned and published timeframe.

The Authority is at the Department's disposal to discuss any of the issues raised herein in greater detail.

Yours sincerely,

Declan Purcell
Member
Director, Advocacy Division

